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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

November 3, 2011

Stuart Green
American Gilsonite
29950 South Bonanza Highway
Bonanza, Utah 84008

Re: Directive to Amend Notice of Intention to Commence Large Mining Operations,
American Gilsonite, Bonanza Operations. M/047/0010, Uintah County, Utah

Dear Mr. Green:

The Division of Oil, Gas and Mining has a number of concerns about operations at the Bonanza mine. As I believe you are aware, Brett Gregory has conducted several inspections of the mine since March 2011. The original intent of having him conduct these inspections was to update information for the bonding spreadsheets, but in the process he found disturbances associated with the mine that are not included in the Notice of Intention to Commence Large Mining Operations (LMO) or that are not fully bonded. Among these are the following:

1. The escapeway and uncovered vein at WH-20 are not in the LMO or the surety.
2. The vent hole at WH-16 is not in the LMO or the surety.
3. E-33 is included in the reclamation surety but was not added to the LMO.
4. E-34 is not in the surety or the LMO.
5. The acid storage facility near E-31 is not included in the LMO or the surety.
6. A new building in the processing plant area has not been included in the LMO or surety.
7. Sites B-46 and B-50 are not bonded with the Division of Oil, Gas and Mining. They were approved, but the Division was informed they would be removed from the plan. This never happened, and the sites were never included in the surety. It is possible they were included in the reclamation surety held by the BLM, but the Division has no knowledge of this.
8. I-15 is a full-scale facility, but the reclamation surety only covers limited facility removal and revegetation.
9. Exploration operations south of LE-20 were not included in the LMO, the surety, or in a Notice of Intention to Conduct Exploration (NOI).



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There may be other unpermitted operations of which the Division is not aware, some of which may be on land managed by the BLM. It is possible some of the listed site numbers above are in error, but this is the best information available to the Division at this time.

The Division has other concerns about the site, including revegetation methods, procedures that have been used to cap shafts, and repair of caving areas.

The Utah Mined Land Reclamation Act and associated administrative rules “. . . apply to all lands within the state of Utah lawfully subject to its police power, regardless of surface or mineral ownership, and regardless of the type of mining operation conducted” (R647-1-102.1.13). The Division and the BLM normally recognize reclamation sureties held by each other, but mining disturbances, regardless of land ownership, must be included in an LMO. Exploration activities may be included in an LMO or may be permitted separately in an NOI.

The LMO needs to be updated to reflect current operations. The Division wrote you on March 11, 2008, asking for changes to the plan. The following paragraph and list of eight items are taken from that letter:

On February 1, 2008, the Division received from you a new map showing the locations of existing mine sites with some sites removed and the new ones, such as B-48, E-32, and I-30, added. The addition and subtraction of sites affects other portions of the mine plan, and these should also be changed. Some have not been updated in many years. We were able to identify the following pages and maps in the plan that should be updated, but there may be others:

1. Page 4. Acreage figures broken down to mine sites, roads, processing facilities, etc.
2. Pages 4a and 4b. Table of mine sites.
3. Page 4c. Table of other operations.
4. Page 2a. Legal descriptions.
5. Page 5c. NPDES locations.
6. Page 6f. Topsoil inventory.
7. You should examine Maps I and II to be sure they are accurate.
8. The plan contains several mine workings location maps and surface facilities and disturbance location maps. Several of these could probably be deleted, but others may still be needed.

The following paragraph was also included in the March 8, 2011, letter:

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We [the Division] envision the plan being a dynamic document that is updated periodically, such as when you add a new mine site, seek release of a site, or when the bond is adjusted. If changes are made more routinely, they will be less onerous.

No later than November 10, 2011, please call me at 801-538-5261 or send an e mail message to paulbaker@utah.gov to set up a meeting to discuss the issues in this letter. We would like to discuss a schedule whereby deficiencies in the LMO and the reclamation surety can be addressed. We also need to talk about correcting problems like shaft caps, revegetation, and repair of areas that are caving.

The Division's hopes to avoid taking enforcement action, but failure to address the issues in this letter could lead to issuance of cessation orders.

Thank you for our cooperation.

Sincerely,



For Paul Baker

Paul B. Baker
Minerals Program Manager

PBB:eb

Cc: Roland Heath, Vernal BLM

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